

Message Text

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SUBJ: COTTON PRICES TAKE ON POLITICAL SIGNIFICANCE

SUMMARY AND COMMENT: PARLIAMENT WAS SCENE OF HEATED DEBATE OVER CURRENT GOG COTTON SUPPORT PRICES ON NOV 18. OPPOSITION LEADERS ACCUSED GOVERNMENT OF FAILURE TO MAINTAIN SUFFICIENTLY HIGH PRICES FOR COTTON, AND PROCEEDED TO CRITICISM OF AGRICULTURAL POLICY GENERALLY. ALTHOUGH FARMERS HAVE INDULGED IN SOME GRUMBLING OVER GOVERNMENT'S REFUSAL TO MEET THEIR PREFERRED PRICE, COOPERATIVE SPOKESMEN HAVE ANNOUNCED THEIR UNDERSTANDING OF THE GOG'S POSITION. PARLIAMENTARY GAMBIT APPEARS TO EFFORT BY OPPOSITION TO MAKE SOME POLITICAL HAY WHILE THE SUN SHINES. WHILE IT IS UNLIKELY THAT THIS PARTICULAR ISSUE PER SE WILL HAVE A MAJOR IMPACT ON THE POLITICAL FRONT, NEVERTHELESS THE MANIFEST WEAKNESSES IN AGRICULTURAL SECTOR (WHICH ARE BEING HIGHLIGHTED BY MOVEMENT TOWARD FULL EC MEMBERSHIP) WILL CONTINUE TO PROVIDE FERTILE GROUND FOR OPPOSITION ATTACKS FO THE FORESEEABLE FUTURE. END SUMMARY.

1. NOV 18 PARLIAMENTARY DEBATE FOCUSED ON 1975 GOG COTTON MEASURES (REPORTED BY GR5048 TO FAS/USDA). IN SUMMARY, PROGRAM PROVIDES SUPPORT PRICE BASED UPON LIVERPOOL INDEX A ASSURING FARMERS MINIMUM PRICE OF 19 DRS/KG FOR UNGINNED COTTON, UNCLASSIFIED

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AND IS PARTICULARLY SIGNIFICANT SINCE IT REPRESENTS FIRST TIME

GOG HAS USED INTERNATIONAL MARKET PRICE AS BASIS FOR LOCAL SUPPORT PRICE FOR ANY FARM COMMODITY. PRICE DOES NOT MEET COTTON GROWERS' REQUEST FOR 20.30 DRACHMAS, BUT PANHELLENIC CONFEDERATION OF UNIONS OF AGRICULTURAL COOPERATIVES HAS ANNOUNCED UNDERSTANDING OF GOVERNMENT'S POSITION IN VIEW OF CURRENT NEED FOR LARGE DEFENSE EXPENDITURES.

2. IN PARLIAMENT, OPPOSITION LEADER CRITICIZED CARAMANLIS GOVERNMENT FOR INSUFFICIENT COTTON PRICE SUPPORT, AND THEN PROCEEDED TO BLAST AGRICULTURAL POLICY GENERALLY. CUNF LEADER MAVROS ASSERTED THAT BUDGET, ALTHOUGH SOMEWHAT STRAINED, COULD HAVE ABSORBED ADDITIONAL 400 MILLION DRACHMAS IN EXPENDITURES WHICH FARMERS' DESIRED PRICE OF 20.30 DRS. WOULD HAVE REQUIRED. HE CRITICIZED THE GOVERNMENT FOR FAILING TO KEEP FARMERS APPRISED OF AGRICULTURAL POLICY, AND SUGGESTED THAT ACTION BE TAKEN TO ESTABLISH A CENTRAL INSTITUTION TO MANAGE SUBSIDY PROGRAMS, AND THE INITIATION OF ORGANIZED MARKETING FOR AGRICULTURAL COMMODITIES.

3. PASOK'S ANDREAS PAPANDREOU ATTEMPTED TO JUSTIFY A SUPPORT PRICE OF 2 DRS/KG OVER THAT REQUESTED BY COTTON GROWERS, AND CONDEMNED THE GOG'S BAN ON DEMONSTRATIONS BY GROWERS IN THE KARDITSA AREA. (THE DEMONSTRATIONS WERE ORGANIZED BY "AGRICULTURAL CLUBS" FORMED BY LEFTIST PARTIES, AND WERE NOT BACKED BY THE LOCAL COOPERATIVES).

4. COORDINATION MINISTER PAPALIGOURAS JUSTIFIED GOG POLICY AS FOLLOWS: A) COTTON PRICES HAD INCREASED 125 PERCENT 1969-75, WHILE COST OF LIVING INCREASED BY 62 PERCENT B) IN ORDER TO PROMOTE EXPORTS, LOCAL PRICES MUST BE IN LINE WITH WORLD PRICES: C) THE ALLOCATION OF 21 BILLION DRS. FOR FARM PROGRAM, PLUS 6 MILLION FOR AGRICULTURAL LOANS, ILLUSTRATES SERIOUS CONCERN OF GOVERNMENT OVER FARM PROBLEMS; AND D) 20 PERCENT OF AGRICULTURAL INCOME IS DERIVED FROM SUBSIDIES.
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